



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

June 6, 2012

Certified Return Receipt  
7011 0110 0001 3568 3438

Kip Bowler  
The Village Bank  
294 East Tabernacle  
St. George, Utah 84770

Subject: Non-Renewal of Letter of Credit # \_\_\_\_\_, Red Warrior Rock, Inc., Red Warrior Limestone Mine, S/053/0012, Washington County, Utah

Dear Mr. Bowler:

On June 6, 2012, the Utah Division of Oil, Gas and Mining (Division) received your letter dated June 1, 2012, regarding termination of Letter of Credit (LOC) # \_\_\_\_\_ in the amount of \$18,000.00. Although your letter says the LOC will terminate on September 1, 2012, the terms of the LOC state that the Division must receive at least 90 days notice of the expiration or cancellation. Therefore, the Division will consider that the LOC will terminate on September 4, 2012.

The mine operator, Red Warrior Rock, Inc., is being advised that a replacement surety must be provided by August 5, 2012, 60 days from receipt of your letter. If a replacement surety is not provided by that date, the Division will immediately submit to you its sight draft for the full face value of the letter of credit. The Division anticipates that payment of \$18,000.00 will be made by delivery of certified funds payable to the State of Utah within two days following your receipt of the sight draft. Payment should be sent to the above address by a next day delivery. The Division will hold the funds as surety for itself and the School and Institutional Trust Lands Administration to be used for reclamation of the Red Warrior Limestone mine pending a forfeiture action to be filed before the Board of Oil, Gas and Mining.

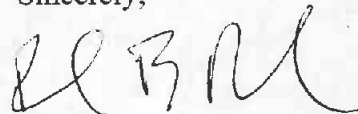
The Division is proceeding as if the operator will not fulfill this bonding requirement and the Division will have to move forward with the presentation of the sight draft. Please advise if you have any questions and let me know in writing if this procedure is not acceptable.



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Kip Bowler  
S/053/0012  
June 6, 2012

Thank you for your cooperation. If you have any questions, please feel free to call me at (801) 538-5261 or Penny Berry, bonding coordinator, at (801) 538-5291.

Sincerely,

A handwritten signature in black ink, appearing to read 'PB' followed by a stylized flourish.

Paul Baker  
Minerals Program Manager

PBB:pb  
Enclosure Letter dated June 6, 2012, and Sight Draft  
Cc: jblake@utah.gov  
P:\GROUPS\MINERALS\WPM053-Washington\S0530012-RedWarrior\final\cancel-bank-06062012.doc